



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: August 7, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division/Contract Audit Management Branch, Maya Cole

FROM: Director of External Financial Audits Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Financial Audit of DanChurchAid Under Multiple Awards, for the Year Ended December 31, 2020 (3-000-23-034-R)

This memorandum transmits the final report on the financial audit of multiple U.S. Agency for International Development (USAID) awards managed by DanChurchAid (DCA), for the year ended December 31, 2020. DCA contracted with the independent certified public accounting firm Gelman Rosenberg & Freedman (GRF) to conduct the audit. GRF stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and the USAID Financial Audit Guide for Foreign Organizations. GRF is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on DCA's schedule of expenditures of USAID awards (SEA); the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether the schedule of expenditures of USAID awards is presented fairly in all material respects, in accordance with the terms of the agreements and generally accepted accounting principles; (2) evaluate DCA's internal controls; (3) determine whether DCA complied with the awards' terms and applicable laws and regulations; and (4) determine if DCA has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, GRF performed audit procedures to (1) review general and program ledgers to determine whether costs incurred were properly recorded, and reconciled direct costs billed to and reimbursed by USAID to the program and general ledgers; (2) review and evaluate the DCA's internal controls related to USAID programs to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation; and (3)

¹ We reviewed the audit report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

identify the agreement terms and pertinent laws and regulations and determine which of those, if not observed, could have a direct and material effect on the schedule of expenditures of USAID awards. GRF examined the projects' costs of \$8,173,756 for the audited period.

GRF concluded that the SEA was presented fairly, in all material respects, for costs incurred and reimbursed for the period audited. GRF did not identify any questioned costs, material weaknesses in internal control, or instances of noncompliance required to be reported under U.S. Government Auditing Standards. However, GRF noted certain matters involving internal control and certain immaterial instances of noncompliance that have been reported to the management of DCA in the report on findings and recommendations. GRF reported that there were no audit findings or recommendations pertaining to USAID awards identified in the prior year's audit reports.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oinotice_ndaa5274@usaid.gov.